

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.  
THOMAS J. MILLER,  
ATTORNEY GENERAL OF IOWA,  
99AG25112,

Plaintiff,

v.

TOYOTA MOTOR CORPORATION,

TOYOTA MOTOR NORTH AMERICA,  
INC.,

TOYOTA MOTOR SALES, U.S.A., INC.,

and

TOYOTA MOTOR ENGINEERING &  
MANUFACTURING  
NORTH AMERICA, INC.,

Defendants.

Equity No. 73646

**CONSENT  
JUDGMENT**

FILED  
POLK COUNTY, IA  
13 SEP 14 AM 9:09  
CLERK DISTRICT COURT

**PREAMBLE**

Plaintiff, State of Iowa ex rel. Attorney General Thomas J. Miller has brought this action pursuant to the provisions of Iowa Code section 714.16, having filed a Petition against the Defendants.

Plaintiff and Defendants by their counsel have agreed to the entry of this Consent Judgment by this Court without trial or adjudication of any issue of fact or law and without admission of any wrongdoing or admission of any of the violations of Iowa Code section 714.16 or any other law as alleged by Plaintiff.

Contemporaneous with the filing of this Consent Judgment, Defendants are entering

into similar agreements with the Attorneys General of Alabama, American Samoa, Arizona, Arkansas, Colorado, Connecticut, Florida, Illinois, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin hereinafter collectively referred to as "States".

### **PRELIMINARY STATEMENT**

WHEREAS, in early 2010, an Attorneys General Multi-State Working Group ("MSWG") was formed to investigate the business practices of Toyota Motor Corporation ("TMC"); Toyota Motor North America, Inc. ("TMA"); Toyota Motor Sales, U.S.A., Inc. ("TMS"); and Toyota Motor Engineering & Manufacturing North America, Inc. ("TEMA") (collectively referred to as "Toyota"). The State of Iowa is a member of the MSWG.

WHEREAS, Toyota has fully cooperated with the MSWG's investigation.

WHEREAS, the MSWG has conducted a comprehensive investigation of Toyota and has obtained sufficient information to resolve its investigation of Toyota.

WHEREAS, the Parties have reached an amicable agreement thereby resolving the issues in controversy and concluded this investigation by filing/entering of this Consent Judgment.

NOW THEREFORE, upon the consent of the Parties hereto, in order to amicably resolve the issues in controversy and concluding this investigation by filing/entering this Consent Judgment, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS

### **I. PARTIES**

1.1 Plaintiff is the State of Iowa ex rel. Attorney General Thomas J. Miller.

1.2 Defendants are Toyota Motor Corporation; Toyota Motor North America, Inc.; Toyota Motor Sales, U.S.A., Inc.; and Toyota Motor Engineering & Manufacturing North America, Inc.

## **II. JURISDICTION**

Pursuant to Iowa Code section 714.16, jurisdiction of this Court over the subject matter and over the Defendants for the purpose of entering into and enforcing this Consent Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the Attorney General or the Defendants to apply to this Court for such further orders and directions as may be necessary or appropriate for the construction and modification of the injunctive provisions herein or execution of this Consent Judgment, including enforcement of this Consent Judgment and punishment for any violation of this Consent Judgment. If the Attorney General is required to file a petition to enforce any provision of this Consent Judgment against any (or all) Defendants, the particular Defendant(s) involved in such petition agree to pay all court costs and reasonable attorneys' fees associated with any successful petition to enforce any provision of this Consent Judgment against such Defendant(s). The Defendants waive any defect associated with service of the Attorney General's Petition and this Consent Judgment and do not require issuance or service of a Summons.

## **III. VENUE**

Pursuant to the provisions of Iowa Code section 714.16(10), venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Court of Polk County, Iowa, or other State Court of competent jurisdiction in the same district.

#### IV. DEFINITIONS

As used in this Consent Judgment, the following words or terms shall have the following meanings:

4.1 “Advertise,” “Advertisement,” or “Advertising” shall mean all marketing directed to customers residing in the United States and shall mean any written, oral, or electronic statement, illustration, or depiction that is designed to create interest in the purchasing of, impart information about the attributes of, publicize the availability of, or effect the sale or use of goods or services, whether the statement appears in a brochure, newspaper, magazine, freestanding insert, marketing kit, leaflet, circular, mailer, book insert, letter, catalogue, poster, chart, billboard, public-transit card, point-of-purchase display, package insert, package label, product instructions, electronic mail, website, homepage, film, slide, radio, television, cable television, program-length commercial or “infomercial,” mobile media, or any other medium. For the avoidance of doubt, information required by 49 C.F.R. § 575.301(d)(2) does not constitute Advertising.

4.2 “Attorney General” shall mean the Attorney General of Iowa and the Office of the Attorney General of Iowa.

4.3 “Clear and Conspicuous” or “Clearly and Conspicuously” shall mean a statement that, regardless of the medium in which it is made, is readily understandable and presented in such size, color, contrast, duration, location, and audibility, compared to the other information with which it is presented, that it is readily apparent to the person to whom it is disclosed. If a statement modifies, explains, or clarifies other information with which it is presented, it must be presented in close proximity to the information it modifies in a manner that is readily apparent and understandable.

4.4 “Competent and Reliable Scientific or Engineering Evidence” shall mean tests, analyses, research, studies, or other evidence conducted and evaluated in an objective manner by persons qualified to do so and using procedures or methodologies generally accepted by the relevant professional, scientific, or engineering community to yield accurate and reliable results. For purposes of this Consent Judgment, Competent and Reliable Scientific or Engineering Evidence includes new tests, analyses, procedures, or methodologies, provided that they either (a) are based in relevant part on scientific or engineering principles generally accepted by the relevant professional, scientific, or engineering community, or (b) have yielded, or are reasonably expected to yield accurate, reliable, and repeatable scientific or engineering results. For avoidance of doubt, the results of NHTSA’s “Star” ratings or any other motor vehicle ratings prepared by the NHTSA, or prepared pursuant to regulations published by NHTSA, shall be considered Competent and Reliable Scientific or Engineering Evidence for purposes of this Consent Judgment.

4.5 “Consent Judgment” shall mean this document entitled Consent Judgment in the matter of State of Iowa ex rel. Miller v. Toyota Motor Sales, U.S.A., Inc.; Toyota Motor Engineering & Manufacturing North America, Inc.; Toyota Motor North America, Inc.; and Toyota Motor Corporation, a Japanese corporation.

4.6 “Consumer” shall mean and include any person, natural person, individual, governmental agency or entity, partnership, corporation, limited liability company or corporation, trust, estate, incorporated or unincorporated association or any other legal or commercial entity, however organized, who buys or uses a Toyota Motor Vehicle. “Consumer” shall not mean any dealer, distributor, or any other independent group or

organization, such as Toyota Dealers Association, which markets and sells Toyota Motor Vehicles and Motor Vehicle Equipment.

4.7 “Covered Conduct” shall mean Toyota’s promotional and marketing practices, investigated by the Signatory Attorneys General under their respective state consumer protection laws, regarding Toyota Motor Vehicles that were the subject of the following NHTSA campaign numbers: 1) 09V-388 (“floor mat entrapment” safety campaign; Toyota Recall No. 90L/9LG); 2) 10V-017 (“sticky pedal” recall; Toyota Safety Recall No. AOA); 3) 10V-023 (“floor mat entrapment” safety campaign; Toyota Recall No. 90L/9LG); 4) 11V-113 (“floor mat entrapment” safety campaign; Toyota’s Recall Campaign No. 90L/9LG); 5) 09V-023 (the Sienna “Safety Improvement Campaign”); and 6) 05V-389 (the “steering relay rod” recall; Toyota Recall No. SSC 50N).

4.8 “Effective Date” shall mean the date on which a copy of this Consent Judgment, duly executed by Defendants and by the signatory Attorney General, is approved by, and becomes a judgment, of the Court.

4.9 “Fantasy Advertising” shall mean Advertising depicting the Motor Vehicle in a manner that so deviates from reality, or real life portrayal, such as driving underwater or on a vertical cliff face, that no reasonable Consumer could interpret the Advertisement as portraying an actual capability or appropriate use of the vehicle.

4.10 “Motor Vehicle” shall mean a vehicle that is self-propelled and is manufactured primarily for use on public streets, roads, or highways but does not include a vehicle operated on a rail line.

4.11 “Motor Vehicle Equipment” shall mean Original and Replacement equipment:  
(1) Original equipment means an item of motor vehicle equipment (other than a tire) that

was installed in or on a Motor Vehicle at the time of its delivery to the first purchaser if the item of equipment was installed on or in the Motor Vehicle at the time of its delivery by TMS to a dealer or distributor for distribution; or the item of equipment was installed by the dealer or distributor with the express authorization of the Motor Vehicle manufacturer; or (2) Replacement equipment means motor vehicle equipment other than Original equipment, and tires. See, Title 49 CFR § 579.4.

4.12 “Multi-State Executive Committee” (“MSEC”) shall mean a committee of the MSWG comprising the Attorneys General and their staff from Connecticut, Florida, Louisiana, Michigan, Nevada, New Jersey, Ohio, South Carolina, and Washington.

4.13 “Multi-State Working Group” (“MSWG”) or “States” shall mean the Attorneys General and their staff from Alabama, American Samoa, Arizona, Arkansas, Colorado, Connecticut, Florida, Illinois, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin collectively.

4.14 “National Highway Traffic Safety Administration” (“NHTSA”) shall mean the federal National Highway Traffic Safety Administration. If any of the obligations, duties, or jurisdiction of the NHTSA should at any time be transferred, consolidated, or merged with the obligations, duties, or jurisdiction of any other governmental agency, all references to “National Highway Traffic Safety Administration” or “NHTSA” herein shall specifically include and reference that other governmental agency or entity.

4.15 “Plaintiff,” or “State of Iowa” or “State” shall mean the Attorney General of the State of Iowa.

4.16 "Reacquired Motor Vehicle" shall mean all vehicles reacquired through a state Lemon Law, warranty mediation, or arbitration program or warranty action filed in court or in settlements of such proceedings. It also includes any voluntary buy-back where there is an allegation of a safety defect in the bought-back vehicle.

4.17 "Recall" or "Recalls" shall mean any program undertaken by a Motor Vehicle manufacturer or Motor Vehicle component manufacturer, whether voluntarily or pursuant to an order by NHTSA, to withdraw, repair, replace, or remove from trade or commerce any vehicle or vehicle component to address a defect related to Motor Vehicle safety or a noncompliance with a Federal Motor Vehicle Safety Standard and for which notification and remedy are required by Federal law (unless that noncompliance is expressly agreed by NHTSA to be inconsequential). See, 49 U.S.C. §§ 30118-30120.

4.18 "Represent," as used in the injunctive provisions of this Consent Judgment, shall mean to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word "Represent," including without limitation "Representation," "Misrepresent," and "Misrepresentation."

4.19 "States' Motor Vehicle Safety Authorities" as to the State of Iowa shall mean the Iowa Department of Transportation.

4.20 "Toyota," where not otherwise specified, shall mean Defendants collectively, i.e., Toyota Motor Corporation; Toyota Motor North America, Inc.; Toyota Motor Sales, U.S.A., Inc.; Toyota Motor Engineering & Manufacturing North America, Inc., and their successors and assigns. For avoidance of doubt, undertakings by Toyota,



herein, do not extend to Toyota dealers or distributors or to independent groups or organizations such as Toyota Dealer Associations.

4.21 "TMA" shall mean Toyota Motor North America, Inc.

4.22 "TMC" shall mean Toyota Motor Corporation.

4.23 "TEMA" shall mean Toyota Motor Engineering & Manufacturing North America, Inc.

4.24 "TMS" shall mean Toyota Motor Sales, U.S.A., Inc.

#### **V. PERMANENT INJUNCTIVE RELIEF**

Toyota will take all reasonable steps calculated to ensure that employees responsible for carrying out this Injunction are provided with notice of this Consent Judgment. Further, Toyota and its successors and assigns shall undertake the following injunctive relief:

5.1 With respect to Advertisements in the United States, Toyota shall comply with all State laws that prohibit false and misleading Advertising including, but not limited to Iowa Code section 714.16. When determining whether a particular Advertisement complies with this provision, the entire Advertisement shall be considered, including the context of the particular depiction at issue, any limitations, warnings, or disclaimers contained in the Advertisement. Nothing herein shall preclude Toyota from (a) demonstrating the ordinary use of vehicle components, systems or features; (b) demonstrating the performance or capabilities of components, systems or features, including safety features; (c) depicting in its Advertisements a Motor Vehicle being driven by a professional driver on a closed course, including in a manner that could be unsafe for a non-professional driver, provided that any necessary and appropriate disclaimers are Clearly and Conspicuously disclosed in the Advertisement; or (d) using Fantasy

Advertising.

5.2 Toyota shall comply with Iowa Code chapter 322G and all state and federal laws that apply to Motor Vehicles sold by TMS in the United States or any of the signatory states, including any affirmative duty imposed by state or federal law to notify Consumers of a known safety defect. For the avoidance of doubt, issues giving rise to the obligations to notify and remedy under the Motor Vehicle Safety Act are governed by Section 5.3, *infra*.

5.3 Toyota shall comply in all material respects with the notification and remedy provisions of the Motor Vehicle Safety Act, 49 U.S.C. §§ 30118 to 30120, with materiality as determined by NHTSA.

## **VI. NON-AFFIRMATIVE INJUNCTIVE RELIEF**

For the duration of this Consent Judgment, as defined in Section 8.5, *infra*:

6.1 Toyota shall exclude from eligibility for the “Toyota Certified Used Vehicle” program; the “Toyota Certified Used Hybrids” vehicle program; the “Scion Certified Pre-Owners” program; the “Lexus Certified Pre-Owned” program, or any other similar program, any Reacquired Motor Vehicles, as to which the customer alleged that the Motor Vehicle was not in conformity with the new vehicle limited warranty, that were acquired by Toyota in connection with the Lemon Law process, or that were voluntarily repurchased by Toyota to enhance or ensure customer satisfaction.

6.2 Toyota shall not resell any Reacquired Motor Vehicle as to which the Consumer alleged that the Motor Vehicle was not in conformity with the new vehicle limited warranty until such vehicle is subject to inspection and any identifiable defect (using diagnostic methods generally accepted in the industry) is repaired. If Toyota wishes to resell a Reacquired Motor Vehicle that it knows, has reason to know, or should reasonably

anticipate may be sold to a Consumer, Toyota may do so only if Toyota certifies and warrants the Reacquired Motor Vehicle has no identifiable defect (using diagnostic methods generally accepted in the industry). In addition, the Purchaser (or prospective Purchaser) must be notified in writing prior to the time of sale of the alleged nonconformity or defect, of the reported concerns leading to Toyota's decision to reacquire said Motor Vehicle, and that Toyota certifies and warrants that the Reacquired Motor Vehicle at issue has no identifiable defect (using diagnostic methods generally accepted in the industry). In addition, Toyota's decision to reacquire said Motor Vehicle shall appear in the NATIONAL SERVICE HISTORY, accessible to authorized Toyota dealers, for said Motor Vehicle. Toyota may resell a Reacquired Motor Vehicle that is subject to a Recall for which a remedy is pending as long as the Purchaser is notified of the Recall.

6.3 With respect to Advertisements in the United States, Toyota shall not Represent in any Advertisements, by spoken or written words, that a Motor Vehicle is "safest," "safer," or use a term or phrase of similar comparative or superlative meaning regarding safety, unless such Representation is supported by Competent and Reliable Scientific or Engineering Evidence and Toyota Clearly and Conspicuously discloses the information necessary to place the Representation in an accurate context, including:

- a. the Motor Vehicle for which the claim is made; and
- b. the design, feature, equipment or aspect of performance for which the claim is being made.

6.4 With respect to Advertisements in the United States, Toyota shall not Advertise that an entire line of vehicles possesses a particular quality, characteristic, feature, or attribute unless all vehicles within that line have the same quality, characteristic, feature,

or attribute. Notwithstanding the foregoing, Toyota may Advertise any quality, characteristic, feature, or attribute of a subset of a line of vehicles, provided that such Advertisement is truthful, accurate, and not misleading.

6.5 Toyota shall not, when directing Consumers in the United States to take their Motor Vehicles to a Toyota dealer for repair inspection or repair, misrepresent the purpose for the inspection or repair. Nothing herein shall prevent Toyota from conducting customer-satisfaction campaigns, making goodwill adjustments, harvesting components or data for analysis, or performing service pursuant to safety, emissions or customer-satisfaction programs, provided that any Representations relating thereto made are truthful, accurate, and not misleading.

6.6 With respect to Advertisements in the United States, Toyota shall not, in any Advertisements, make any Representation regarding the safety, performance, reliability, resale value or durability of any specific Motor Vehicle or any Motor Vehicle component or system without possessing Competent and Reliable Scientific or Engineering Evidence that reasonably substantiates each claim. Toyota may truthfully Represent the receipt of awards or rankings from third parties, so long as those third parties are regularly relied on by automotive manufacturers and distributors in Advertisements (including, by way of example, J.D. Power & Associates and the Insurance Institute for Highway Safety) as long as Toyota does not have any knowledge that the basis for the third party award or ranking is false. Notwithstanding the foregoing, Toyota may make Representations about the performance, resale value, style, features, or durability of any Motor Vehicle or any Motor Vehicle component or system which a Consumer should reasonably understand are intended to be statements of opinion or otherwise not based on Competent and Reliable Scientific or

Engineering Evidence, such as (by way of example only) the vehicle is “quiet,” the seats are “soft to the touch,” the vehicle is “good value,” or a Consumer claim about his or her experience with his or her Motor Vehicle. Toyota may also make Representations regarding the safety, reliability, performance, resale value, style, features, or durability of any specific Motor Vehicle or any Motor Vehicle system or component that are supported by Competent and Reliable Scientific or Engineering Evidence that reasonably substantiates each claim.

## **VII. PROMOTION OF A SAFETY CULTURE**

7.1 Toyota is committed to achieving the following goals by means of the injunctive relief contained in Section VIII:

- a. Providing timely access to material actions, data and information to Toyota personnel that relate to the safe operation of Motor Vehicles and Motor Vehicle Equipment sold in the United States without regard to the geographic source or origin of the action, data, or information;
- b. Ensuring that officials and officers are charged with sufficient authority and have timely access to actions, data and information to fully participate in safety-related decisions affecting the safe operation of Motor Vehicles and Motor Vehicle Equipment sold by Toyota in the United States;
- c. Developing clear lines of communication, authority and decision-making accountability between Toyota’s North America affiliates (including, but not limited to, Toyota Motor North America, Inc., Toyota Motor Sales, U.S.A., Inc., and Toyota Motor Engineering & Manufacturing North America, Inc.) and Toyota Motor Corporation;

d. Recognizing NHTSA's lead role in the United States in promoting Motor Vehicle safety; and

e. Monitoring, listening to, analyzing, and timely and effectively responding to safety concerns, including those expressed by Toyota's North American affiliates, regulators and Consumers.

7.2 While Section VII hereof is not intended to create independent legal obligations, the Parties recognize that the goals described in Section VII are important ones that underlie the specific injunctive relief contained in Section VIII.

#### **VIII. AFFIRMATIVE INJUNCTIVE RELIEF**

For the duration of this Consent Judgment, as defined in Section 8.5, *infra*:

8.1 In the context of Toyota's commitment to the goals outlined in Section VII, Toyota, its successors, and assigns shall maintain the following offices and initiatives (or their substantial or functional equivalents) to promote the sharing of material safety-related information and decision-making accountability across regions and business units:

a. Regional Product Safety Executive ("RPSE") (or its substantial or functional equivalents), an executive operating in the United States who has access to material safety, technical and engineering information pertaining to Motor Vehicles sold in the United States or outside the United States if they are substantially similar to Motor Vehicles sold in the United States, as defined in Title 49 CFR § 579.4(d). The RPSE may from time to time make recommendations to Toyota Motor Corporation and its United States affiliates regarding potential field actions related to safety for vehicles sold in the United States and participate in discussions about field actions that are potentially

related to safety for Motor Vehicles sold in the United States.

b. Chief Safety Technology Officer (or its substantial or functional equivalents), an executive who is responsible for developing company-wide safety policies and promoting improvements in the safety of all Toyota Motor Vehicles.

c. Vehicle Safety and Compliance Liaison Office (or its substantial or functional equivalents), an office designed to facilitate information sharing between Toyota personnel with access to information about safety and quality issues and Toyota personnel who are responsible for reporting to the NHTSA Office of the Associate Administrator for Enforcement.

d. Swift Market Action and Response Teams ("SMART") (or their substantial or functional equivalents) of specifically trained Toyota employees who, among others, investigate Consumer reports of unintended acceleration.

e. Product Quality Field Offices (or their substantial or functional equivalents) located throughout the United States, which offices specialize in specific vehicle quality issues that are of particular importance to the region.

8.2 Upon request, Toyota shall provide each state in the MSWG with one Bosch Crash Data Retrieval ("CDR") system, one Toyota CDR cable kit, and a software subscription for this system for the duration of this Consent Judgment, provided that such items are commercially available.

8.3 Toyota shall post on Toyota.com and Lexus.com (or their substantial or functional equivalents) and provide each MSWG state with an instruction sheet regarding how Consumers can access on NHTSA's website Foreign Recall Reports ("FRR") filed by

Toyota with NHTSA pursuant to 49 C.F.R. § 579.11.

8.4 Toyota shall post the following information on Toyota.com and Lexus.com: owner's manuals for appropriate model years; certain warranty and maintenance guides; as well as means by which Consumers can ascertain all Recalls and service campaigns applicable to their Toyota Motor Vehicle by inputting a Vehicle Identification Number ("VIN"). Toyota will also provide each MSWG state with an instruction sheet regarding how Consumers can currently access information about Recalls and service campaigns applicable to their Toyota Motor Vehicles.

8.5 With the exception of the permanent injunctive relief embodied in Sections 5.1 through 5.3, this Consent Judgment shall expire on Effective Date + 4 years, provided that Toyota has not been adjudged by the Court in any MSWG state to have violated Sections 5.1 through 5.3, 6.1 through 6.6, or 8.1 through 8.4 of any MSWG Consent Judgment with respect to any act or omission by Toyota related to the Covered Conduct. However, if prior to Effective Date + 4 years Toyota is adjudged by the Court in any MSWG state to have violated Sections 5.1 through 5.3, 6.1 through 6.6 or 8.1 through 8.4 of this Consent Judgment with respect to any act or omission by Toyota related to the Covered Conduct, Toyota shall continue to be subject to this Consent Judgment until Effective Date + 7 years in all MSWG states. This paragraph is in addition to all other remedies available to the State in law and equity.

## **IX. CONSUMER RESTITUTION**

9.1 In order to help further address Consumers' reasonable out-of-pocket expenses incurred due to the Covered Conduct, Toyota, at its own expense, hereby agrees, for a period of one (1) year after entry of this Consent Judgment, to consider in good faith



customer requests for reimbursement, as appropriate on a case-by-case basis (and to the extent a Consumer has not already been reimbursed) for those Consumers who have filed complaints, or who may file complaints or requests for reimbursements with Toyota or with any Attorney General's Office of any signatory state, or any signatory state or federal regulator, in which the Consumer reasonably substantiates and documents reasonable taxi fares, towing costs, rental car costs or other similar expenses.

9.2 Toyota shall maintain images or records of all such complaints and responses thereto for a period of at least three (3) years after receipt of such complaints, and make the complaints and responses (or records or images thereof) available for inspection and copying upon request by the Attorney General.

9.3 Toyota has estimated that the costs of implementing the Restitution as set forth in Section 9.1 and Toyota's compliance with this Consent Judgment may be as much as Five Million Dollars (\$5,000,000.00). Provided, however, that this is not a limitation on Toyota's obligation to make restitution pursuant to this Consent Judgment.

#### **X. PAYMENT TO THE STATES/CIVIL PENALTIES**

10.1 Toyota shall pay the States 29 Million Dollars (\$29,000,000.00) to be divided and paid by Toyota directly to each signatory Attorney General of the MSWG in amount to be designated in writing by and in the sole discretion of the MSEC within thirty (30) days of the Effective Date of this Consent Judgment. Toyota shall be jointly and severally liable for all amounts that are due and owed under this Section. The MSEC will provide Toyota with instructions for the payments to be distributed under this paragraph. Said payment shall be used by the States for such purposes that may include, but are not limited to civil penalties, attorneys' fees and other costs of investigation and litigation, or to be placed in, or applied

to, the consumer protection law enforcement fund, including future consumer protection enforcement, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of each Signatory Attorney General.

## **XI. RELEASE**

11.1 By execution of this Consent Judgment and following a full and complete payment to the States, the Attorney General of the State of Iowa releases and forever discharges to the fullest extent of the law, the Defendants (collectively, the "Released Parties") from the following: all civil claims, causes of action, damages, restitution, fines, costs, and penalties that the Iowa Attorney General has asserted or could have asserted against the Released Parties pursuant to Iowa Code section 714.16 resulting from the Covered Conduct up to and including the Effective Date (collectively, the "Released Claims").

11.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims:

- a. private rights of action;
- b. claims of environmental or tax liability;
- c. criminal liability;
- d. claims for property damage;
- e. claims alleging violations of state or federal securities laws;
- f. claims alleging violations of state or federal antitrust laws;
- g. any claims, other than claims under Iowa Code section 714.16

relating to the Covered Conduct, against Toyota by the Attorney General;

h. any claims against Toyota by any other agency or subdivision of the State; and

i. any obligations created under this Consent Judgment.

## **XII. CONSENT TO JUDGMENT**

12.1 Toyota is entering into this Consent Judgment solely for the purposes of settlement, and it is the intent of the Parties that nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation or of any other matter of fact or law or of any liability or wrongdoing, all of which Toyota denies. Toyota does not admit any violation of Iowa Code section 714.16 and does not admit any wrongdoing that could have been alleged by the Iowa Attorney General before the date of the Consent Judgment under those laws. No part of this Consent Judgment shall constitute evidence of any liability, fault, or wrongdoing by Toyota.

12.2 The Consent Judgment shall not be construed or used as a waiver or limitation of any cause of action or defense otherwise available to the Parties in any action, including, where applicable, the defense of puffery, or of Toyota's right to defend itself from or make any arguments in any claims or suits of any kind, including without limitation, individual, group or class claims or suits, relating to the subject matter or terms of this Consent Judgment. The Consent Judgment is made without trial or adjudication of any issue or fact or law or finding of liability of any kind.

12.3 This Consent Judgment may be enforced by, or provide any basis for any action by or for any award of relief to, only the Parties hereto and no other person or entity. In entering this Consent Judgment with this provision and other limiting provisions, this Court specifically refers to and invokes the Full Faith and Credit Clause of the United States

Constitution and the doctrine of comity and requests that any other court reviewing, construing, or applying this Consent Judgment implement and enforce each such limiting provision.

12.4 Toyota, by and through their counsel, acknowledge that they have read this Consent Judgment, are aware of their right to a trial in this matter and have waived that right.

12.5 Toyota admits to the jurisdiction of the Court and consents to the entry of this Consent Judgment and to the rights of the Iowa Attorney General to enforce the terms and conditions of this Consent Judgment.

12.6 Toyota states that no promise of any kind or nature whatsoever (other than the written terms of this Consent Judgment) was made to them to induce them to enter into this Consent Judgment, that Toyota has entered into this Consent Judgment voluntarily, and that this Consent Judgment constitutes the entire agreement between Toyota and the Office of the Attorney General of the State of Iowa.

12.7 Under no circumstances shall this Consent Judgment or the name of the State of Iowa or the Office of the Attorney General or any of its employees or representatives be used by Toyota or by its officers, employees, representatives, or agents in conjunction with any business activity of Toyota. A violation of this paragraph constitutes a violation of an injunctive term of this Consent Judgment.

### **XIII. MONITORING FOR COMPLIANCE**

13.1 For the purposes of resolving disputes with respect to compliance with this Consent Judgment, duly authorized representatives of the Office of the Attorney General of the State of Iowa shall be permitted the following:

a. If the Attorney General believes that Toyota has engaged in a practice that violates any provision of this Consent Judgment, the Attorney General may notify Toyota telephonically (followed by written confirmation) or in writing of the Attorney General's belief that a violation has occurred. The Attorney General's notice shall include:

- (1) the basis for the belief;
- (2) the provision of the Consent Judgment that the practice appears to violate; and
- (3) a date for Toyota to respond to the notification, provided, however, that the date for response be at least fifteen (15) days after the date of notification.

b. The Attorney General shall, upon reasonable notice including, but not limited to the notice outlined in 13.1a, above, be permitted to make reasonable access to obtain relevant, non-privileged, non-work-product records and documents in the possession, custody or control of Toyota that relate to Toyota's compliance with the issue that was the subject of the notice.

c. The Attorney General shall, upon reasonable notice including, but not limited to the notice outlined in 13.1a, above, and subject to applicable discovery rules, have reasonable access to take depositions of Toyota's officers, directors, employees, agents, and contractors with relevant knowledge, each of whom may have counsel present, relating to Toyota's compliance with the issue that was subject of the notice and Toyota's compliance with the Consent Judgment in its entirety.

13.2 Upon receipt of written notice, Toyota shall provide a response to the Attorney General notification, containing either a statement explaining why Toyota believes it is in compliance with Consent Judgment, or a detailed explanation of how the alleged

violation occurred and a statement explaining how Toyota intends to address the alleged breach. For purposes of Section 5.3 of this Consent Judgment, if NHTSA determines that actions undertaken by Toyota have remedied a purported violation of the Motor Vehicle Safety Act, then the purported violation of the Motor Vehicle Safety Act shall not be deemed a violation Section 5.3 of this Consent Judgment.

13.3 The Attorney General may assert that Toyota has violated the Consent Judgment in a separate civil action to enforce this Consent Judgment, or seek any other relief afforded by law for such violation(s), only after providing Toyota with at least fifteen (15) days to respond to the notification described in Paragraph 13.1, above. However, such Attorney General may take any action without prior notice or permitting Toyota a reasonable time to cure where the Attorney General reasonably concludes that, because of a specific practice, a threat to the health or safety of the public requires immediate action.

13.4 Nothing in this Section shall be construed to limit the Attorney General's investigative authority provided under Iowa Code section 714.16.

#### **XIV. NOTICES UNDER THIS CONSENT JUDGMENT**

Any notices required to be sent to the State or to Toyota under this Consent Judgment shall be sent by United States mail or certified mail return receipt requested. The documents shall be sent to the following addresses:

For the Attorney General of Iowa:

Director, Consumer Protection Division  
Consumer Protection Division  
1305 E. Walnut Street  
Des Moines, IA 50319

For TMC, TMS, TEMA and TMA:

Maura K. Monaghan, Esq.  
Debevoise & Plimpton LLP  
919 Third Avenue  
New York, NY 10022

and

Christopher P. Reynolds, Esq.  
General Counsel  
Toyota Motor Sales, U.S.A., Inc.  
19001 South Western Avenue  
Torrance, CA 90501-1106

Any party may change its designated notice recipient(s) by written notice to the other party.

#### **XV. GENERAL PROVISIONS**

15.1 This Consent Judgment shall be binding upon the Parties and their successors and assigns. In no event shall assignment of any right, power, or authority under this Consent Judgment avoid compliance with this Consent Judgment.

15.2 Toyota shall use reasonable efforts to notify its officers, directors, employees, agents, and contractors responsible for carrying out and effecting the terms of this Consent Judgment of the obligations, duties, and responsibilities imposed on Toyota by this Consent Judgment.

15.3 This Consent Judgment represents the full and complete terms of the settlement entered into by the Parties hereto.

15.4 If any portion of this Consent Judgment is held invalid by operation of law, the remaining terms of this Consent Judgment shall not be affected and shall remain in full force and effect.

15.5 Nothing in this Consent Judgment shall be construed to waive, limit, or expand any claim of sovereign immunity the State may have in any action or proceeding.

15.6 Except as otherwise expressly set forth herein or as otherwise provided by law, nothing in this Consent Judgment shall be interpreted to require Toyota to take any action that would impair any of Toyota's rights under any law governing patents or trade secrets. Provided, however, that nothing herein shall be interpreted as allowing Toyota to withhold production of documents to the Attorney General or to State Motor Vehicle Safety Authorities based on a claim of patent or trade secret where reasonable confidentiality protections have been provided.

15.7 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

15.8 For avoidance of doubt, it is not a violation of this Consent Judgment for Toyota to litigate cases or defend claims or allegations even if Toyota's position is contested or its defense is unsuccessful.

## **XVI. COMPLIANCE WITH ALL LAWS**

16.1 Except as expressly provided in this Consent Judgment, nothing in this Consent Judgment shall be construed as relieving Toyota of its respective obligations to comply with all state and federal laws, regulations or rules, or as granting permission to engage in any acts or practices prohibited by such law, regulation or rule.

## **XVII. REPRESENTATIONS AND WARRANTIES**

17.1 TMC warrants and represents that through its U.S. based subsidiaries, it manufactured, assembled, sold, and distributed Toyota Motor Vehicles in the United States.



17.2 TMS warrants and represents that it sold and distributed Toyota Motor Vehicles in certain geographical areas in the United States.

17.3 TEMA warrants and represents that it manufactured or assembled Toyota Motor Vehicles in certain geographical areas in the United States.

17.4 TMS and TMA warrant and represent that they Advertise Toyota Motor Vehicles in the United States.

17.5 TMC, TMS, TEMA and TMA acknowledge that they are proper parties to this Consent Judgment and that TMC, TMS, TEMA, and TMA are the true legal names of the entities other than the State(s) agreeing to this Consent Judgment.

17.6 Each of the non-Court signatories to this Consent Judgment warrants and represents that he or she has authority to agree to this Consent Judgment on behalf of one of the Parties.

17.7 Each of the Parties warrants and represents that it negotiated the terms of this Consent Judgment in good faith.

17.8 TMC, TMS, TEMA, and TMA warrant and represent that their responses to the subpoenas or civil investigative demands of the MSWG as of the Effective Date of this Consent Judgment were prepared pursuant to good-faith searches for documents and information responsive to those portions of the demands that were adequately designated and not otherwise subject to a good-faith objection or to a good-faith claim of privilege or work-product immunity.

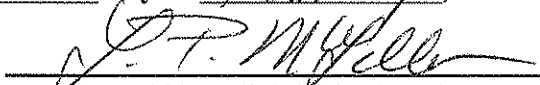
17.9 TMC and TMS warrant and represent that they have acted in good faith in implementing and conducting the Recall programs administered by TMS and identified in postings in NHTSA's website between 2010 and 2011.

17.10 TMC, TMS, TEMA, and TMA acknowledge and agree that the state Attorneys General have relied on all of the representations and warranties set forth in this Consent Judgment and that if any representation is proved false, unfair, deceptive, misleading or inaccurate in any material respect, the State Attorneys General have the right to seek any relief or remedy afforded by law or equity in their respective states.

#### **XVIII. PAYMENT OF FILING FEES**

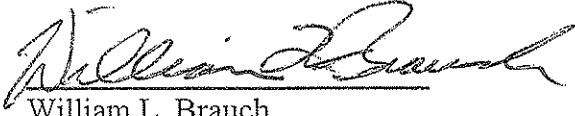
18 All filing fees associated with commencing this action and obtaining the Court's approval and entry of this Consent Judgment shall be borne by Toyota.

IT IS SO ORDERED this 14th day of February, 2013.

  
\_\_\_\_\_  
JUDGE, Fifth Judicial District of Iowa

JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:

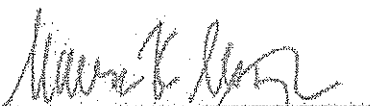
FOR THE STATE OF IOWA:

A handwritten signature in dark ink, appearing to read "William L. Brauch", written over a horizontal line.

William L. Brauch  
Special Assistant Attorney General  
Consumer Protection Division  
Iowa Attorney General's Office  
1305 E. Walnut Street  
Des Moines, IA 50319

FOR DEFENDANTS:

TOYOTA MOTOR CORPORATION;  
TOYOTA MOTOR NORTH AMERICA, INC.;  
TOYOTA MOTOR SALES, U.S.A., INC.; and  
TOYOTA MOTOR ENGINEERING & MANUFACTURING NORTH AMERICA, INC.

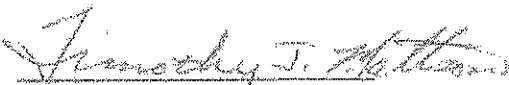


Maura K. Monaghan  
Debevoise & Plimpton, LLP

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Christopher P. Reynolds  
General Counsel  
Toyota Motor Sales, U.S.A., Inc.

APPROVED AS TO FORM FOR ENTRY:

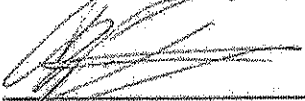


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TOYOTA MOTOR SALES, U.S.A., INC.; and  
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\_\_\_\_\_  
Maura K. Monaghan  
Debevoise & Plimpton, LLP

  
\_\_\_\_\_  
Christopher P. Reynolds  
General Counsel  
Toyota Motor Sales, U.S.A., Inc.

APPROVED AS TO FORM FOR ENTRY:

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